

**Employment Security Commission
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**Information Technology Plan
2007 – 2009 Biennium**

October 1, 2006



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Chapter 1 - Departmental/Agency Strategic Business Initiatives and Major Business Requirements

The mission of the Employment Security Commission (ESC) is to promote and sustain the economic well being of North Carolinians in the world marketplace by providing high quality and accessible workforce-related services.

The Commission provides employment services, unemployment insurance, and labor market information to the State's workers, employers, and the public.

These services promote economic stability and growth, development of a skilled workforce, and a world class economy for North Carolina.

The following goals will guide the work of the Employment Security Commission as it meets state and federal guidelines and its overall mission.

1. Enhance the Employment Security Commission's central partnership role in the workforce development community by leading and/or supporting initiatives and outreach that promote the effective delivery of services for the citizens of North Carolina.
2. Ensure that the Employment Security Commission is the recognized source for job matching, unemployment insurance, and labor market information for North Carolina's workers, employers, and public.
3. Preserve the integrity of the trust and reserve funds that assist qualified unemployed workers, and ensure a level of funding that will support high quality workforce services for the citizens of North Carolina.
4. Maximize the effective use of technology in the delivery of workforce services to North Carolina's workers, employers, and the public through real time, telephone and internet-based, job search registration, job recruitment, unemployment insurance benefit claims, and labor market information access.
5. Treat each individual, customer, and employer with dignity, courtesy, fairness, and respect.

Two key considerations continue to have a critical impact on ESC's ability to meet these goals:

1. Annual federal budget reductions that are expected to be in force throughout the biennium, and
2. Rising customer expectations regarding expanded service access options, reduced response times for services transactions and provision of service that is of at least comparable quality to leading private sector service providers.

During the coming biennium, ESC has chosen to focus on the objectives and activities identified in Goal 4 as the best means for supporting the Commission's mission and achieving the remainder of its stated goals.

In support of these goals and in light of declining resource allocations, ESC intends to focus on two primary objectives during the biennium:

1. The implementation of an enhanced internet-based, labor exchange system designed to empower customers to direct their own recruitment and job search activities through easily managed personal and business accounts.
2. Implementation and refinement of an automated unemployment insurance benefits claims system.

Chapter 2 - Requirements for Transitioning Existing IT Activities/Resources

Current Projects and Registrations

ESC has several projects under way that will support the mission, goals and objectives of the Commission including:

1. Telephone Initials Claims (TIC): Currently, customers are able to file an initial claim for unemployment insurance benefits through the Internet, by visiting an ESC local office, or in selected geographical areas, through person-to-person telephone call. The TIC project will provide unemployment insurance benefits claim customers with the option of filing initial claims for benefits via an automated, natural language telephone system. The system will be available on nights, weekends and holidays as well as during normal business. Customers experiencing difficulty with the automated system will be transferred to a Customer Service Representative (CSR) during business hours or scheduled for a call back if difficulty is experienced during off hours.

A second component of this project is to upgrade ESC's voice response capability for the filing of weekly certifications for benefits. The new application will be natural language enabled and hosted on the same IVR equipment as the initial claims application. This will improve the ease-of-use of the application and eliminate the need to replace up to 45 aging voice response units deployed across the State.

The TIC project is being carried out in partnership with ITS, who subsequently, will be able offer similar state-of-the-art enterprise services to other agencies.

Initial implementation is scheduled for the second quarter of 2007.

Estimated five-year cost: \$11.9 million

Funding Source: Federal

2. JobConnector: Today, job seekers are able to register for work online through an internet system or with staff assistance in an ESC local office. Similarly, employers are able to notify ESC of recruitment needs via the Internet, by telephone, e-mail, fax or personal visit. Matching and qualification evaluations are conducted by local staff through staff assisted functions and manual intervention. The JobConnector project will provide a fully automated, browser-based system through which individual job seekers and employers will be empowered to manage their own business transactions with ESC. The system will utilize the U.S. Department of Labor (US DOL) sponsored O*NET occupational taxonomy and related systems to identify the job seeker's skills and match them, real-time, with employer job and skill requirements. ESC staff will be available to work with those who require or desire personal assistance.

Initial implementation is scheduled for the fourth quarter of 2006.

Estimated five-year cost: \$450,000

Funding Source: Federal

3. Unemployment Insurance (UI) Division VoIP: ESC is engaged with ITS to move the UI Division from its existing telephone system to a new VoIP system. Currently, the division employs multiple key systems. These systems are reaching the end of their useful life. Parts and service are already a problem, as is the lack needed functionality. In addition to eliminating the aging hardware issue, the new system will allow staff to share a single telephone system. The system will support both call routing and, where required by demonstrated a business need, ACD functionality for skills-based routing.

Initial implementation is scheduled for the fourth quarter of 2006.

Estimated five-year cost: \$1,470,000

Funding Source: Federal

3. Remote Tax and Wage Filing Project: Today, the employer community has a number of ways to interact with ESC using web-based products. The present method of filing Tax and/or Wage reports over the internet is collectively referred to as 'Web Wages'. There are a number of components to this package, notably:

- Data Entry of summary Tax information
- Data Entry of individual wage information
- Capability of receiving pre-formatted files containing tax and/or wage data
- Links to electronic payment options

The current website was accessed almost 300,000 times by employers and almost 30,000 times by remitters during calendar year 2005. For the same period, almost 125,000 quarterly tax reports were entered on the website, as were nearly 963,000 wage items. Files uploaded to ESC through the website accounted for an additional 20,000 tax reports and almost 3.7 million wage items. Those two options account for 55 percent of all tax reports received electronically and 32 percent of all wage items received electronically.

The proposed solution will use data that is already being collected for other purposes and integrate it into a product that will be more beneficial to the end-users, as well as providing improved internal efficiencies. The resulting products will provide additional opportunities for the employer community to conduct business with the Commission using a 'self service' model, with little need for intervention by ESC staff.

In addition, Employers and remitters who have a previously filed and processed Tax and Wage report will be allowed to make changes to the summary totals or to the individual wage items. The system would display for them the figure presently on file 'as reported'. They would then be allowed to enter an 'as corrected' figure, and provide an explanation of the change. Upon submission, the resulting correction(s) would be processed through a batch update to the account. The batch process will detect incorrect and inappropriate adjustment transactions.

Initial implementation is scheduled for the second quarter of 2007.

Estimated five-year cost: \$485,000

Funding Source: Federal

Applications

Analysis of the information contained in the Application Portfolio Management Tool shows that while a number of ESC applications are statewide in distribution and critical to the business of the Commission, virtually all are:

- low risk,
- high performance,
- high in architectural conformance, and
- meet all, or nearly all, of ESC's stated business requirements for the specific application.

Only one application, Unemployment Insurance Benefits reaches the level of medium risk. While this legacy mainframe application is approximately twenty years old, it continues to effectively deliver millions of dollars in benefit payments each week. During the recent recession, annual payments topped a billion dollars for several years. The primary issues with the system are:

- difficulty in modifying the system to account for law changes,
- difficulty in recruiting workers with appropriate skills to maintain the aging system, and
- the amount of time required for new staff to become sufficiently skilled to work independently in the system.

The original system guide was developed by a consortium of states under the direction of the US DOL. US DOL and a number of states have recognized the need to replace the existing system. During the biennium, ESC will be working with US DOL and the states in evaluating the best course of action for replacement of the current system.

Infrastructure Assets

ESC currently has fifty-four Voice Response Units (VRUs) deployed across North Carolina. Of these, forty-four are analog and ten are digital units. These devices provide direct customer access to a number of services including:

- acceptance and processing of weekly certifications for UI benefits,
- access to UI claim status, and
- access to information on available jobs.

A significant number of these units are aging and include hardware components that are no longer readily available. When implemented, the TIC IVR hardware platform and associated applications will become the new host for the highest volume function (i.e., UI the weekly certifications). This will allow ESC to decommission the analog systems and continue to provide the remaining services via the digital VRUs.

ESC staff and Career Center PC's are running Windows XP Service Pack 2 and meet current operational needs.

Currently ESC has Novell print and file servers in each local office that serve the local office and any associated branches. During the biennium, ESC will begin to examine the potential for consolidation of the services provided by these units by region.

ESC employs key systems in virtually all of our central office units and local offices. After gaining experience with VoIP for the current UI project, the Commission will examine the suitability of VoIP for replacement of key systems in selected units or offices as current systems age out or as unit requirements change.

Operations/IT management

ESC IT staff are and will continue to be engaged with ITS throughout the biennium in a number of management and operational areas including, among others:

- IT strategy
- Project management
- Mainframe operations
- Network
- Telecommunications
- E-mail
- Contract staffing
- Bulk PC procurement
- Security
 - ESAP/MPLS
 - NCID
 - Antivirus

Human resources

The CIO assures that IT staffing requirements for both permanent and contract staff are presented to ESC senior management. The Commission has demonstrated and continues to demonstrate commitment to the conversion of contract staff positions to permanent staff positions where appropriate. ESC's initial efforts in this area met with some success, but difficulties in establishing and recruiting for new positions were encountered as a result of the Career Banding transition, implementation and funding process. There are issues in this area remaining to be resolved.

It is important to note that certain funds made available to ESC by the US DOL can only be used for hardware, software or contract services. These funds are normally earmarked for QA improvements, data validation and technology enhancement. Thus, ESC will continue to require access to contract services so long as this funding avenue remains available from US DOL. Additional flexibility in the area of contract services would make it easier to secure funds from this source and to successfully complete the work defined under such grants.

Chapter 3 - IT Specific Economic-Driven Requirements or Opportunities

US DOL has encouraged the States to examine methods for reducing postage and printing costs. ESC has completed a print reduction effort and is currently reexamining its operations to determine instances where electronic notification may be an appropriate

alternative to the mailing of printed materials (e.g., JobConnector and Remote Tax and Wage Filing projects).

ESC has implemented a Remote Service Center (i.e., call center) for customer support, instituted new telephone services procedures in the local offices to allow citizens to use the telephone to receive services that once required an in-person visit and will implement a telephone filing system for unemployment benefits (i.e., the TIC project). Such systems are anticipated to save citizens over \$5 million per year in travel costs. The Commission also is moving ahead to enhance internet services for both business and individual customers. This will result in improved customer service, improved system access and reduced costs for both customers and ESC (e.g., JobConnector and Remote Tax and Wage Filing projects).

The Commission recently has instituted a process for the payment of UI benefits via debit cards in selected geographical areas. The system will go statewide shortly. Customers will be offered the option of direct deposit or debit card as payment options rather than having a check mailed to them. This payment system will increase payment security for all customers, reduce services fees and/or check cashing fees for many customers and provide much quicker availability of funds to all customers. Ease-of-use also will be greatly enhanced since the debit cards may be used at virtually all banks and retail establishments. ESC will see significant cost savings from the elimination of check production and distribution.

Chapter 4 - IT Initiatives Developed From and Aligning With Plan Drivers

Initiative 1

Telephone Initials Claims (TIC):

Description:

Currently, customers are able to file an initial claim for unemployment insurance benefits through the Internet, by visiting an ESC local office, or in selected geographical areas, through a person-to-person telephone call. The TIC project will provide unemployment insurance benefits claim customers with the additional option of filing initial claims for benefits via an automated, natural language telephone system.

A second component of this project is to upgrade ESC's voice response capability for the filing of weekly certifications for benefits. The new application will be natural language enabled and hosted on the same IVR equipment as the initial claims application.

Major Objectives and Benefits:

The system will allow customers a state-of-the-art, natural language option for filing unemployment insurance benefit claims. The system will be easy to use and will allow many customers to file their claim without staff intervention; however, ESC will provide Customer Service Representatives (CSRs), as needed, to assist customers who experience difficulties. The system will be available on nights, weekends and holidays as well as normal business. Customers experiencing difficulty with the automated process will be transferred to a CSR during business hours or scheduled for call back if problems are experienced during off hours.

The introduction of the fully automated system will allow many customers to successfully conduct business with ESC without the need to travel to one of our locations or, for that matter, without the need to speak to a staff member. This will reduce travel costs for customers and will allow ESC to reserve staff to handle more complex cases.

The system will be scalable to allow for economic downturns and associated rises in unemployment.

Implementation of the continued claims (i.e., weekly certification) component of the project will improve the ease-of-use of the application and allow elimination of up to 45 aging voice response units deployed across the State.

The TIC project is being carried out in partnership with ITS who, subsequently, will be able to offer similar enterprise services to other agencies.

Timeframe:

Initial implementation is scheduled for the second calendar quarter of 2007.

Relationship with other agency initiative/projects:

The TIC system will provide easy access to the unemployment insurance benefits system for workers who don't have access to (or don't wish to use) the internet system. It will eliminate the need for customers to travel to ESC offices for clerical tasks that are better handled in other ways and will free staff to provide valued-added and intensive services for customers needing or wanting such assistance. While the objective of the TIC project is the timely payment of unemployment benefits to qualified individuals, it is the primary objective of ESC to have the individual return to suitable, gainful employment as soon as possible. Thus the unemployment insurance system in general and TIC in particular are intended to work closely with other initiatives such as JobConnector in support of the ESC mission and Goals 1-5.

Order-of-magnitude costs:

11.9 million dollars over five years.

Funding source:

Federal

Initiative 2

JobConnector:

Description:

Today, job seekers are able to register online through an internet system or with staff assistance in an ESC local office. Similarly, employers are able to notify ESC of recruitment needs via the Internet, by telephone, e-mail, fax or personal visit. Matching of qualified job seekers with available job openings is conducted by local staff through a combination of automated and manual processes. The JobConnector project will provide a fully automated, browser-based system through which individual job seekers and employers will be empowered to manage their own business transactions with ESC. The system will utilize the U.S. Department of Labor sponsored O*NET system to identify the job seekers skills and match them in a real time manner with employer skill requirements. ESC staff will be available to work with those who require or prefer personal assistance.

Major Objectives and Benefits:

JobConnector will conduct continual real time matches whenever new information becomes available. Customers (i.e., both jobseekers and employers) will receive immediate feedback on matches. Individuals will be able to conduct directed searches to determine the availability of certain types of jobs while employers will be able to initiate a similar search to identify potential employees.

Because the match is based on required and preferred skills, only individuals who meet all of the minimum skills requirements for a job will be referred to an employer. This should save time and money for the employer in reducing the need for repeated recruitment and retraining by finding the best candidate initially. Individual job seekers will save time and money by only being referred to jobs for which they are fully qualified.

The system is designed to provide a continuum of service. The initial focus will be on self service progressing through limited staff assistance to intensive staff support for those customers who need or want such services.

Successful self service allows customer empowerment and enhances the availability of scarce staff resources so that they may be focused where they are most needed.

Timeframe:

Initial implementation is scheduled for fourth quarter 2006.

Relationship with other agency initiative/projects:

JobConnector will assist employers in finding skilled workers and job seekers in securing employment. As such, this project supports Goals 1, 2, 4 and 5. Approximately two thirds of the customers expected to use the system will be unemployed. Half of those unemployed individuals will be receiving unemployment benefits. When these statistics are taken into consideration, it is clear that a quick return to work is of benefit to the job seeker, the employer and the solvency of the unemployment insurance trust fund, thus supporting Goal 3.

Order-of-magnitude costs:

\$450,000 over five years

Funding source:

Federal